

SECTION E - INSPECTION AND ACCEPTANCE

E.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

| NUMBER | TITLE | DATE |
|--------|-------|------|
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E.2 52.246-4 INSPECTION OF SERVICES--FIXED-PRICE (FEB 1992)

- (a) Definitions. "Services," as used in this clause, includes services performed, workmanship, and material furnished or utilized in the performance of services.
- (b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.
- (c) The Government has the right to inspect and test all services called for by the contract, to the extent practicable at all times and places during the term of the contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If the Government performs inspections or tests on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, without additional charge, all reasonable facilities and assistance for the safe and convenient performance of these duties.
- (e) If any of the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in services cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed.

E.4 GOVERNMENT INSPECTION

E.4.1 GENERAL PROVISIONS

- (a) On an ongoing basis, PTO inspectors will perform quality assurance analysis to determine if the Contractor is meeting the standards prescribed in Section C.
- (b) The main thrust of the Government's quality assurance program will be inspection of documents which were selected on a random basis. At various stages of work, the inspector(s) will evaluate a sample of the work to determine if the Contractor's performance is acceptable. The selected documents will be scrutinized and compared with the performance requirements established in Section C. Identified errors will be evaluated to determine whether the error is attributable to the Contractor or to the Government. Where appropriate, quantifiable performance criteria shall be established for each phase of work. Performance is unacceptable when the number of defects identified in the sample is equal to or greater than the specified rejection number.
- (c) Where applicable, the following is to be used to determine acceptable variances between the Government count and the Contractor count of documents in any given batch.

| Contractor Count (no. of documents per batch) | Acceptable Variance (no. of documents per batch) |
|-----------------------------------------------------|--------------------------------------------------------|
| Less than 30 | +/- 1 |
| 35 - 49 | +/- 2 |
| 50 - 69 | +/- 3 |
| 70 - 89 | +/- 4 |
| 90 - 100 | +/- 5 |

Where acceptable variances occur, the Government count shall be used by the Contractor for billing purposes.

- (d) At the Government's option, any inspection need not be completed but may be halted at such time as an unacceptable level of performance is identified.

E.4.2 INSPECTION OF REFERENCE FILING WORK

- (a) An acceptable standard of integrity within the Examiner Search File (ESF) requires that the documents which are present in the file are an accurate representation of the computerized records. It is necessary for documents which have been temporarily removed from the file to be refiled in a minimum amount of time with a very high degree of accuracy. This can be quantified as a 98% accuracy in filing references. Thus, a discrepancy of 2 percent of the references filed will be allowed as an acceptable error rate.
- (b) The Government will monitor the Contractor's performance of the Reference Filing function. At least once each week, a sample will be taken of the U.S. and foreign references pulled from the ESF in each Group. The first page of these references will be recorded (i.e. photocopied) by the Government Representative before these documents are removed by the Contractor for refiling. Between 8 and 12 hours following the pickup time noted on the log sheet, a Government Representative will verify that the documents in the sample are correctly filed. The results will be reported to the COTR and to other individuals designated by the Government.
- (c) During the course of this inspection, the Government will evaluate the following aspects of the Contractor's performance.
 - (a) Is the reference document in the proper classification?
 - (b) Is the reference document in the proper numeric sequence within the classification?
- (d) If it is determined that the Contractor's performance or nonperformance exceeds the 2 percent error rate or if the Contractor failed to meet the timeliness requirements specified in Section C7.1, then a Contract Discrepancy Report (see Section J, exhibit 30) will be prepared by the inspector and submitted to the Contractor no later than noon of the day following the inspection. The Contractor shall respond to this report within 8 work hours and shall identify planned action(s) to correct the problem(s).
- (e) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in services cannot be corrected by reperformance, the

Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such condition exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.3 VERIFICATION OF CONTRACTOR FILING COUNTS

- (a) At least once each workday, the Contractor shall pickup from the specified locations all references to be refiled. At the time of document pickup, contractor employees shall, in accordance with Section C7.1.4, record the date and time of each pickup on the log sheets posted in each location.
- (b) Only newly issued patents and patents pulled by examiners and the public while conducting a search will be placed in the reference filing drop off/pickup locations. Misfiled references will be given to the Contractor by the Government Representative to be filed. These "misfiles" shall not be batched and counted by the Contractor as part of the daily work.
- (c) Except for those documents identified in the preceding section, all patents retrieved by the Contractor shall be sorted by class/subclass, counted, and batched (normally by class/subclass) by the Contractor in batches of approximately 75 documents each. A Contractor's Individual Batch Sheet--Reference Filing (see Section J, exhibit 5) shall be completed by the Contractor for each batch. When a day's references are fully batched and counted, a Contractor's Daily Group Batch Sheet (see Section J, exhibit 6) shall be completed by the Contractor for each Group.
- (d) The Government will conduct daily random count verifications in order to check the accuracy of the Contractor's counts. The Government will use random selection to determine which Groups will be sampled on a given day; the Contractor shall not be informed in advance of the selection. Each day, a minimum of three and a maximum of eight Group Representatives will count a minimum of seven batches from their Search Rooms.

- (e) At a designated time each workday, the Contractor shall contact all of the Group Representatives to inform them the day's patents are ready for inspection. The Group Representative from each of the Groups designated for that day will go to the sort room, randomly select a minimum of seven batches to sample, and count the number of documents contained in each batch. Each designated Group Representative sampling that day will complete a Count Verification Sheet--Reference Filing (see Section J, exhibit 31) with the results of their sampling.
- (f) If the variance between the Government and the Contractor's count is greater than the acceptable variance shown in the preceding Section 4.1, then the Government will count a second time and a reconciled count agreed to by both the Contractor and the Government shall be arrived at and recorded on the Count Verification Sheet--Reference Filing. The original counts of both the designated Group representative and the Contractor's employee shall not be changed. In addition, the designated Group representative will verify the total number of batches assembled by the Contractor that day for that Group. The Count Verification Sheet--Reference Filing shall be signed by the appropriate Government Representative and a Contractor employee, and a copy given to the Contractor. The original Count Verification Sheet--Reference Filing and a copy of the Contractor's Daily Group Batch Sheet will be forwarded by the Government Representative to the COTR or her designee.
- (g) Group Representatives are encouraged to conduct additional sampling of the total number of batches and/or the count of any batch at any time. In this instance, a Count Verification Sheet--Reference Filing will be completed and "ADDITIONAL SAMPLING" written on the top of the count verification form.

E.4.4 INSPECTION OF EXAMINER SEARCH ROOM MAINTENANCE

- (a) The Government will monitor the Contractor's performance of the Examiner Search Room Maintenance function. This monitoring will include a survey at least once each biweek of the physical condition of the ESF search rooms.
- (b) The inspection conducted by the Government will, at a minimum, evaluate the following aspects of the Contractor's performance.
 - (a) Is each shoe properly labeled (i.e., proper colored shoe tag, proper class/subclass notation, proper document range denoted)?

- (b) Is each shoe appropriately filled in accordance with Section C.9.2?
 - (c) Is each shoe in the proper class/subclass order?
 - (d) Within each shoe, are the oldest documents located on top of the stack?
 - (e) Are foreign and NPL documents properly filed behind the appropriate U.S. classification?
 - (f) Are foreign patent documents filed in publication date sequence?
 - (g) Are unfilled documents or shoes stored on top of or under shoeboxes?
 - (h) Are there shoes missing or unfilled in the search room?
 - (i) Is a Mini File Expansion needed?
 - (j) Are any special requirements met?
- (c) Following each search room inspection, the inspector will complete a Search Room Inspection Report (see Section J, exhibit 32) and will forward the report to the COTR. If the inspector determines that the Contractor's performance fails to meet any of the requirements specified in Section C, a copy of the Search Room Inspection Report also shall be forwarded to the Contractor. The Contractor shall have 8 work hours to correct any deficiencies identified in the Inspection Report after which the Search Room will be reinspected by the Government.
- (d) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in services cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such condition exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.5 INSPECTION OF SEARCH FILE EXPANSION PROJECTS

- (a) Upon completion of each Search File Expansion project, the Government will conduct an inspection of that portion of the search file which was expanded. The inspection will consist of a sample of the Contractor's work. The sample size will be a minimum of:
 - (a) 20 shoes for projects up to 20 shoe case columns, or
 - (b) 1 shoe per shoe case column for projects of 20 or more shoe case columns.
- (b) The Contractor's work will be evaluated in the following areas:
 - (a) completion of project work on schedule,
 - (b) unsearchability of any subclass for more than 2 workdays,
 - (c) proper labeling of all shoes,
 - (d) filling of shoes to appropriate level,
 - (e) filing of all shoes in correct class/subclass order,
 - (f) filing of all US patent copies in correct numeric sequence,
 - (g) filing of foreign patent documents and non-patent literature in appropriate sequence,
 - (h) filing of all documents within the proper classification(s), and
 - (i) all special instructions followed.
- (c) If the inspector determines that the Contractor's performance fails in any of the preceding categories or otherwise fails to meet any of the requirements specified in Section C, a Contract Discrepancy Report will be prepared and submitted to the Contractor. The contractor shall have 8 work hours to correct any deficiencies after which the Search Room will be reinspected by the Government.
- (d) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in services cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving

notification from the COTR that such condition exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.6 INSPECTION OF RECLASSIFICATION PROJECTS

- (a) Reclassification Project work will be inspected by the Government at specified points in accordance with Section C. Random sampling will be used as the basis for determining the number of documents checked in any specific project during each processing phase. Sample size will be no less than 10 percent of the total documents in the project. Acceptance/ rejection of the Contractor's work will be based on the maximum allowable error rate shown in the following paragraph (h) of this section.
- (b) The Government inspection will, at a minimum, determine the answer to the following questions for each patent in each sample to determine if the Contractor has achieved an acceptable level of performance. If the answer to any of the questions is no, then that individual patent copy is deemed unacceptable. The results of each patent inspection will be recorded on the Inspection Checklist with specific comments provided for any patent deemed unacceptable.

(c) PREPROCESSING

(1) Preliminary Inspection

- (a) Is a patent copy present for each number listed on the inspection materials?
- (b) Does the patent copy belong in the project (i.e., has the patent copy been pulled from elsewhere in the search file and coversheeted)?
- (c) Is the patent copy complete and does it meet all requirements for an acceptable copy?
- (d) Does the patent copy have the correct classification cover sheet attached?
- (e) Is the cover sheet properly positioned and attached?
- (f) Is the patent copy located in its correct classification?
- (g) Are all classifications in the project's scope accounted for?
- (h) Are any patent coversheets unused?
- (i) Are the surplus patents boxed and the boxes labeled as to content?

- (j) Was a photocopy used when a surplus copy was available?
- (k) Are the discrepancy documents accounted for and properly batched and identified?
- (l) Is the Project Discrepancy Report properly completed?

(2) Final Inspection

- (a) Have all project classifications been returned?
- (b) Have the project patents been set up according to the classifier instructions?
- (c) Are the subclasses in proper order?
- (d) Have the racks been properly tagged for identification?
- (e) Were all special instructions followed?

(d) DATA CAPTURE

(1) Preliminary Inspection

- (a) Was the data keyed correctly?
- (b) Has all the data on the cover sheet been keyed?
- (c) Is the syntax correct (e.g., proper transaction codes, valid characters)?

(2) Final Inspection

- (a) Are the patents in patent number sequence?
- (b) Are the boxes correctly labeled as to content?
- (c) Are there data errors which are a result of keying errors?
- (d) Does the keying error rate exceed acceptable limits.

(e) FINAL PROCESSING

(1) Preliminary Inspection

- (a) Is a patent copy present for each number listed on the inspection materials?
- (b) Does the patent copy properly belong in an existing subclass outside the project even though a new project classification label has been placed over its former label? (Patents on the official Government-supplied Pull List may be labeled over.)
- (c) Is the patent copy complete and does it meet all requirements for an acceptable copy?
- (d) Is the patent copy properly labeled?
- (e) Is the patent copy located in its correct classification?

- (f) Was a photocopy used when a surplus copy was available?
- (g) Are all the newly established classifications accounted for?
- (h) Were repairable bad copies replaced?
- (i) Are the discrepancy documents accounted for and properly batched and identified?
- (j) Is the Project Discrepancy Report properly completed?
- (k) Were the cover sheets properly bundled and returned to the Government?

(2) Final Inspection (PSR Set)

- (a) Was the complete project returned?
- (b) Are the subclasses set up in proper order?
- (c) Are the storage racks properly labeled?
- (d) Are the patents filed in patent number sequence within classification?
- (e) Were all special instruction followed?

(3) Final Inspection (ESR Set)

- (a) Was the complete project returned?
- (b) Are the subclasses set up in proper order?
- (c) Are the patents filed in patent number sequence within classification?
- (d) Is the volume of patents in each shoe in accordance with Section C9.2?
- (e) Was each shoe properly labeled?
- (f) Was adequate space left for the return of foreign and NPL documents?
- (g) Where possible, were vacant shoes dispersed throughout the project classifications to facilitate future expansions?
- (h) If necessary, was a mini or full file expansion performed?
- (i) Were all special instructions followed?

- (f) In addition, each of the discrepancy documents will be inspected to make sure it is in the proper bundle. Any patent not in the correct bundle is considered an error.
- (g) Some inspections will start with the "clean up" patents (e.g., Founds, Misfiles, Problem ORs, etc.). If it is determined that errors exist, the Project Leader will decide whether to continue or halt the inspection.
- (h) For all Reclassification projects, sample size is 10 percent of the total project size, but no less than 50 documents. The acceptable error rate for all Preprocessing

projects is 0. The acceptable error rate for Data Capture and Final Processing projects is 1.5 percent of the sample size. Where the acceptable error rate is exceeded for any project, the work will be rejected by the Government. The Contractor shall correct the work within 8 work hours and request reinspection in accordance with Section C.7.4.3.

- (i) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under these CLINs within 8 work hours of receiving notification from the COTR that such condition exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.7 INSPECTION OF SEARCH FILE QUALITY IMPROVEMENT PROJECTS

- (a) SFQI work will be inspected by the Government at specified points in accordance with Section C. Random sampling will be used as the basis for determining the number of documents checked in any specific project during each processing phase. Sample size will be no less than 10 percent of the total documents in the project. Acceptance/rejection of the Contractor's work will be based on the maximum allowable error rate shown in paragraph (g) of this section.
- (b) The Government inspection will, at a minimum, determine the answer to specific questions for each patent in each sample to determine if the Contractor has achieved an acceptable level of performance. If the answer to any of the questions is no, then that individual patent copy is deemed unacceptable. The results of each patent inspection will be recorded on the Inspection Checklist with specific comments provided for any patent deemed unacceptable.

(c) FILE INVENTORY

For each File Inventory project, the information on the marked computer listing will be compared with a sample of the patents in the ESF and with all of the discrepancy patents removed from the ESF. The following questions will be asked for each patent in each sample.

(1) Preliminary Inspection

- (a) Is the patent present/missing from the shoes as indicated on the listing?
- (b) Is the label still present on the patent?
- (c) Does the patent number printed on the face of the patent match the patent number printed on the label?
- (d) Are the discrepancy documents accounted for and properly batched and identified?

(2) Final Inspection

- (a) Was the computer listing properly annotated?
- (b) Were documents identified as missing during the initial inventory rechecked to verify their absence from the search file?

(d) FILE INTEGRITY

(1) Preliminary Inspection (ESR Set)

- (a) Is a patent copy present for each number listed on the inspection materials?
- (b) Does the patent copy properly belong in an existing subclass outside the project even though a new project classification label has been placed over its former label? (Patents on the official Government-supplied Pull List may be labeled over.)
- (c) Is the patent copy complete and does it meet all requirements for an acceptable copy?
- (d) Is the patent copy properly labeled?
- (e) Is the patent copy located in its correct classification?
- (f) Are all the project classifications accounted for?
- (g) Were repairable bad copies replaced?
- (h) Are the discrepancy documents accounted for and properly batched and identified?
- (i) Is the Project Discrepancy Report properly completed?
- (j) Did the Contractor prepare a list of the missing documents?

(2) Preliminary Inspection (PSR Set)

- (a) Is a patent copy present for each number listed on the inspection materials?
- (b) Does the patent copy properly belong in an existing subclass outside the project even though a new project classification label has been placed over its former label? (Patents on the official Government-supplied Pull List may be labeled over.)
- (c) Is the patent copy complete and does it meet all requirements for an acceptable copy?
- (d) Is the patent copy properly labeled?
- (e) Is the patent copy located in its correct classification?
- (f) Are all the project classifications accounted for?
- (g) Were repairable bad copies replaced?
- (h) Are the discrepancy documents accounted for and properly batched and identified?
- (i) Is the Project Discrepancy Report properly completed?
- (j) Are there any new labels remaining unused?
- (k) Did the Contractor obtain copies of patent documents missing from both search files? Were these copies and their associated labels returned to the Government?

(3) Final Inspection (ESR Set)

- (a) Was the complete project returned?
 - (b) Were copies of previously missing patents interfiled in the correct locations?
 - (c) Are the subclasses set up in proper order?
 - (d) Are the patents filed in patent number sequence within classification?
 - (e) Is the volume of patents in each shoe in accordance with Section C9.2?
 - (f) Was each shoe properly labeled?
 - (g) Where possible, were vacant shoes dispersed throughout the project classifications to facilitate future expansions?
 - (h) If necessary, was a mini or full file expansion performed?
 - (i) Were all special instruction followed?
- (e) In addition, each of the discrepancy documents will be inspected to make sure it is in the proper bundle. Any patent not in the correct bundle is considered an error.

- (f) Some inspections will start with the "clean up" patents (i.e., Finds, Misfiles, Problem ORs, etc.). If it is determined that errors exist, the Project Leader will decide whether to halt the inspection.
- (g) For all Search File Quality Improvement projects, sample size is 10 percent of the total project size, but no less than 50 documents. The acceptable error rate for SFQI projects is 1.5 percent of the sample size. Where the acceptable error rate is exceeded for any project, the work will be rejected by the Government. The Contractor shall correct the work within 8 work hours and request reinspection in accordance with Section C7.4.3.
- (h) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under these CLINs within 8 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.8 INSPECTION OF LOCATING PATENT COPIES

- (a) Patent copies located and reproduced in support of Reclassification and SFQI projects will be inspected by the Government as part of the appropriate project. Patent copies located and reproduced for other than project processing will be inspected by the Government for quality, completeness, and conformance with requirements. Unacceptable work will be redone by the Contractor within 8 work hours at no cost to the Government.
- (b) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in

service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.9 INSPECTION OF U.S. PATENT REPRODUCTION

- (a) Patent copies reproduced in support of Reclassification and SFQI projects will be inspected by the Government as part of the appropriate project. Patent copies reproduced for other than project processing will be inspected by the Government for quality, completeness, and conformance with requirements. Unacceptable work will be redone by the Contractor within 8 work hours at no cost to the Government.
- (b) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.10 INSPECTION OF FOREIGN PATENT REPRODUCTION

- (a) Upon delivery, the Government will inspect copies of foreign patent documents reproduced by the Contractor for quality, completeness, and conformance with requirements.

Unacceptable work shall be redone by the Contractor within 16 work hours at no cost to the Government.

- (b) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 16 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.11 INSPECTION OF REFERENCE COPYING

- (a) At least once each week, the Government will randomly select bundles of references copied by the Contractor to insure the quality of the completed product. The Contractor's work product will be evaluated to determine:
 - (a) Were the proper number of copies made for each document?
 - (b) Were copies made for each document listed on the form 892?
 - (c) Are copies complete?
 - (d) Are the copies legible?
 - (e) Were the original documents reassembled correctly?
 - (f) Do the copies meet the standards as specified in Section C.9.1?
- (b) At the conclusion of each workday, the Contractor shall record the daily meter readings for each copier machine on a Daily Count Sheet--Reference Copying form (see Section J, exhibit 33). The Government will randomly spot check machine meters to verify the accuracy of the Contractor readings. The Contractor will not be informed in advance of when or what machine(s) will be checked.
- (c) If the Contractor's error rate is determined to be greater than 1 percent for any one or more of the preceding items (a) through (f) and/or there is a delay of 1 or more

workdays, then a Contract Discrepancy Report will be submitted to the Contractor who will have 4 work hours to correct any deficiencies.

- (d) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 4 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.12 INSPECTION OF DOCUMENT MAILING

- (a) The Government will conduct weekly random sampling of the documents mailed by the Contractor. At least once each week, the Government Representative will record the serial number of selected application files containing documents to be mailed. These files then will be placed in the appropriate pickup location.
- (b) Later the same day, the Government Representative will verify that the location information for the sampled files was updated in the PALM system. No less than 20 application files will be checked by the Government Representative to insure (1) a copy of the mailed references was filed in the folder, (2) copy of the action mailed was filed the folder, (3) the correct date was stamped in the appropriate location on the folder, and (4) the file was placed in the correct location. In addition, after 1:00 p.m. the Government Representative will query PALM to determine the mail date of the documents contained in the sampled applications. The Government Representative also will randomly check the contents of no less than 20 envelopes prior to their being sealed by the Contractor.
- (c) Envelopes placed in the PTO outgoing mail will be randomly inspected to determine:

- (a) Can the mailing address be read clearly through the envelope's address window?
- (b) Is the mail date in the address window the current day's date?
- (c) Are the envelopes securely sealed?
- (d) If the Government determines errors exist in the Contractor's work, the Contractor shall correct any and all such errors within 1 work hour. The Government will prepare a Contract Discrepancy Report listing the errors found and the corrective action taken and shall forward a copy to the COTR and the Contractor. Any failure by the Contractor to meet timeliness requirements also shall be noted on the Contract Discrepancy Report. The Contractor shall respond to this report within 1 workday and shall identify planned action(s) to correct the problem(s).
- (e) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 1 work hour of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.13 INSPECTION OF APPLICATION FILE RETRIEVAL

- (a) Because all patent application files retrieved by the Contractor receive further processing, the Government will, in effect, conduct a 100 percent inspection of the accuracy of the Contractor's work in associating documents with the correct applications. In addition, the Government will record the serial number and the time of placement in the retrieval box of randomly selected documents to ascertain the timeliness with which the application is retrieved and the document associated with it.

- (b) As documents are received in each Examining Group, the Government Representative will date stamp and batch the documents in groups of 50 documents per batch. Upon receipt of the completed work from the Contractor, the Government Representative will verify the count of retrieved applications and of documents for which the application file could not be found as well as the timeliness with which the applications were received. In any instance where the Contractor fails to meet the timeliness requirements specified in Section C8.4, the Government Representative will prepare a Contract Discrepancy Report and forward a copy to the COTR. The Contractor shall respond to this report within 1 workday and shall identify planned action(s) to correct the problem.
- (c) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.14 INSPECTION OF MAINTENANCE OF APPLICATION FILE STORAGE AREAS

- (a) At least once each biweek, the Government will conduct visual inspection of the physical storage areas in which application files are maintained. At a minimum, the Government will inspect the storage areas to verify that all application files are filed in the storage racks. Applications filed in the storage racks will be spot checked to insure that they are filed in the proper sequence and that they actually belong in the storage areas where filed. In addition, the Government

E.4.14 (Continued)

will randomly select applications filed in the storage areas and will verify the accuracy of the location information found on the PALM system.

- (b) If deficiencies are identified in the Application File Storage Areas and/or the Contractor fails to meet the timeliness requirement specified in Section C8.5, the Government will prepare a Contract Discrepancy Report and will forward a copy to the COTR and the Contractor. The Contractor shall respond to this report within 8 work hours and shall identify planned actions to correct the problem.
- (c) The Contractor shall correct any deficiencies (e.g., misfiles, applications not filed, need for shifting) within 8 work hours of receipt of the Contract Discrepancy Report.
- (d) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such condition(s) exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.15 INSPECTION OF PCT COPYING

- (a) The Government will inspect 100 percent of International Applications copied by the Contractor and a sample of all other documents copied under this contract line item. The Government will date and time stamp the request for copies when the request is delivered to the copy center. Copies will be inspected to determine:

- (1) Was the correct paper type used?
 - (2) Are all requested copies present?
 - (3) Are all copies legible?
 - (4) Are all copies complete?
 - (5) Were all special instructions followed?
 - (6) Do copies meet the standards specified in Section C.9.1?
 - (7) Were the original documents reassembled correctly?
- (b) At the end of each bi-week, the Government will analyze the Requests Forms for work completed by the Contractor to determine the Contractor's conformance with required turnaround times.
- (c) *At least once each week, the Government will randomly sample completed work to verify the accurate and complete assembly of applications, the accurate stamping of application papers, the accurate updating of PALM information, the quality of copies assembled, and the accurate placement of applications into FEDEX boxes. Batch sheets from completed work will be surveyed to assess the timely completion of work.*
- (d) Results of the Government's review of the Contractor's work will be noted on a PCT Copy Inspection Form (see Section exhibit 76) and a copy provided to the Contractor. The Contractor shall redo unacceptable work within 4 hours at no additional cost to the Government.
- (e) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such conditions exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.16 INSPECTION OF PCT FILE ROOM MAINTENANCE

- (a) The Government will conduct a visual inspection of the PCT File Room at least once each week. At a minimum, the

Government will verify that all application files are filed in the storage racks. Applications filed in the storage racks will be spot checked to insure that they are filed in the proper sequence and that they actually belong in the PCT File Room. In addition, the Government will randomly select applications filed in the storage area and will verify the accuracy of the location information found on the PAIM system. Finally, the Government will randomly identify files returned to the file room and will, no sooner than 4 hours after the file's return, verify the file's accurate and timely placement in the File Room. If deficiencies are identified in file room conditions, the placement of files, or the location information recorded on PALM, the Government will complete a PCT Inspection Report (see Section J, exhibit 77) and will give a copy to the Contractor. The Contractor shall correct any deficiencies within 4 hours at no additional cost to the Government.

- (b) Documents requiring filing in PCT applications will be date stamped and batched in groups of no more than 50 documents per batch by the Government Representative. At least twice each week, the Government Representative will randomly identify documents to be used for sampling the Contractor's work. No sooner than 8 hours following pickup of the documents by the Contractor, the Government Representative will verify the accurate and timely filing of these documents. In addition, the Government Representative will verify the accuracy of the count of the number of filed documents and of documents for which the application file could not be found. The Government will note problems on a PCT Inspection Form and will give a copy to the Contractor. The Contractor shall correct deficiencies within 4 hours at no additional cost to the Government.
- (c) At least twice each week, the Government will randomly identify application files to be used for sampling the Contractor's work. No sooner than 8 hours following pickup of requests to associate Article 20 papers, the Government Representative will verify the accurate association of documents with application files, the accurate filing of application files, the accurate placement of green charge cards, and the accuracy of information contained in PALM. The Government will complete a PCT Inspection Report and provide a copy to the Contractor. The Contractor shall correct deficiencies within 4 hours at no additional cost to the Government.
- (d) The Government will randomly identify Article 20 documents to be used for sampling the Contractor's work. At least twice

each week, the Government Representative will verify the accuracy and timeliness with which these documents were filed. In addition, the Government Representative will randomly review Article 20 files to verify the accuracy of content, placement and identification. A PCT Inspection Form will be completed and a copy given to the Contractor. The Contractor shall correct any deficiencies within 4 hours at no additional cost to the Government.

- (e) At least once each bi-week, the Government will analyze completed File Request Forms to verify the Contractor's conformance with timeliness requirements. The Government will note any discrepancies on a PCT Inspection Report and will give a copy to the Contractor.
- (f) The accuracy of the Contractor's file retrieval efforts in response to walkup requests will be determinable immediately by the requester. Upon delivery of the requested files, the Government will review the accuracy of file retrieval requests picked up and delivered by the Contractor. The Government will note any discrepancies on a PCT Inspection Report and will give a copy to the Contractor. The Contractor shall correct any deficiencies within 4 hours at no additional cost to the Government.
- (g) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to reperform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such conditions exists, or to take the necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.17 INSPECTION OF ONAR FILE ROOM MAINTENANCE

- (a) The Government will conduct a visual inspection of the ONAP, File Room at least once each week. At a minimum, the Government will verify that all application files are filed in the storage racks. Applications filed in the storage

- racks will be spot checked to ensure that they are filed in the proper sequence and that they actually belong in the ONAR File Room. In addition, the Government will randomly select applications filed in the storage area and will verify the accuracy of the location information found in the PALM system. If deficiencies are identified in file room conditions, the placement of files, or the location information recorded on PALM, the Government will complete an ONAR Inspection Form (see Section J, exhibit 80) and will give a copy to the Contractor. The Contractor shall correct any deficiencies within 4 hours.
- (b) Documents requiring filing in ONAR applications will be date stamped and batched in groups of no more than 50 documents per batch by the Government Representative. At least twice each week, the Government Representative will randomly identify documents to be used for sampling the Contractor's work. No sooner than 8 hours following pick up of the documents by the Contractor, the Government Representative will verify the accurate and timely filing of these documents. In addition, the Government Representative will verify the accuracy of the count of the number of filed documents and of documents for which the application file could not be found. The Government will note problems on an ONAR Inspection Form and will give a copy to the Contractor. The Contractor shall correct deficiencies within 4 hours.
- (c) At least twice each week, the Government Representative will randomly identify applications to be used for sampling the Contractor's work. No sooner than 8 hours following pick up of the applications by the Contractor, the Government Representative will verify the accurate and timely filing of these applications. In addition, the Government Representative will verify the accuracy of the location information found in PALM. The Government will note problems on an ONAR Inspection Form and will give a copy to the Contractor. The Contractor shall correct deficiencies within 4 hours.
- (d) Because all application files retrieved by the Contractor receive further processing, the Government will, in effect, conduct a 100 percent inspection of the accuracy of the Contractor's work. The Government will note problems on an ONAR Inspection Form, and will give a copy to the Contractor. The Contractor shall correct deficiencies within 4 hours at no additional cost to the Government.
- (e) At least once each bi-week, the Government will analyze completed Application File Request Forms to verify the

Contractor's conformance with timeliness requirements. The Government will note any discrepancies on an ONAR Inspection Report and will give a copy to the Contractor.

- (f) If the services do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that further performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the Contractor fails to perform or correct deficient conditions under this CLIN within 8 work hours of receiving notification from the COTR that such conditions exist, or to take the necessary actions to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.

E.4.18 INSPECTION OF APPLICATION RECEIPT PROCESSING

- (a) *At least twice each week the Government will conduct a visual inspection of each application receipt processing area. At a minimum, the Government will randomly check the proper completion of batch sheets, the receipt of all documents into the Center (i.e., the Group date/time stamp is present on each document), the accuracy of sorting and batching, and the timeliness with which batched documents are available for Application File Retrieval.*
- (b) *On a random basis the Government will check fax machines in each tech center to verify that documents are handled promptly, required logs are maintained accurately, and equipment is in proper working order. The Government also will randomly check scheduled pickup/delivery points to insure pickups/deliveries are occurring as required by the statement of work.*
- (c) *If the services do not conform with contract requirements, the Government may require the contractor to perform the services again in conformity with contract requirements, at no increase in contract amount. When the defects in service cannot be corrected by reperformance, the Government may (1) require the contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce the contract price to reflect the reduced value of the services performed. If the contractor fails to reperform or correct deficient conditions under this CLIN within 4 work hours of receiving notification from the COTR that such condition(s) exists, or to take the*

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necessary action to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and charge to the contractor any cost incurred by the Government that is directly related to the performance of such service or (2) terminate the contract for default.